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MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 38, NO. 8 FEDERAL RESERVE BANK OF KANSAS CITY AUGUST 31, 1953

Change and Stability in District Banking

THE SWIFT GROWTH of bank assets and deposits over the postwar period has left behind a succession of obsolete records as banks have registered new high levels in the measures of banking progress. These evidences of expansion in the banking system, reflecting similar growth in the economy, have diverted attention from the changing relationships among various bank assets and between certain bank assets and liabilities, which also are important indicators of the trend taken by banking in adjusting to new needs and new credit practices. Banking developments over the past 25 years have established records other than those found in magnitudes alone. High and low points in bank liquidity, in Government security accounts, in ratios of capital to risk assets, and in a variety of other relationships have been established. Individual borrowing for intermediate- and long-term periods has gained prominence in relation to the demands of business and agriculture. Examination of these interrelationships aids in evaluating the underlying changes and the enduring characteristics of District banking.

Bank statements of condition today reflect a blend of the banking community's adjustment to strong forces of deflation and inflation over the past 25 years. In the 1920's, banking was predominantly concerned with the accommodation of business and agricultural needs for credit. The collapse of these demands after 1929 led banks to turn to United States Government securities as a means of employing the mounting volume of idle reserves that was enhanced by the devaluation of the dollar and gold imports. Consumer credits also were found by a growing number of banks to be an effective way of supporting revenues.

Although the war brought a moderate revival of the demand for business and agricultural loans, the immense demand of the Government and the accompanying rise in the national debt afforded the banks an opportunity to further augment their liquid assets. By June 30, 1946, the cash, reserves, bank balances, and Federal securities held by member banks in the United States were equal to 82 per cent of total deposits. In the years since that date, Government securities have been liquidated as the demands for credit from private borrowers and state and local governments have expanded. Bank statements today show a distribution of credits among Government, business, agriculture, and consumers that has not prevailed at any time in the past.

The present composition of bank portfolios reflects particularly the rapid advance since the war in the status of the individual as a bank borrower. At District member banks on June 29, 1946, single-payment and instalment loans to individuals, together with loans on residential real estate, most of which are to individuals, were 20 per cent of all loans, and were 51 per cent as large as commercial and industrial loans and 4 per cent greater than nonguaranteed agricultural loans. By June 30, 1953, these classes of loans had increased to 31 per cent of all loans and were 79 per cent as great as business loans and 64 per cent greater than nonguaranteed agricultural loans.

Loans

In 1929, loans constituted about 50 per cent of total District member bank assets, with banks in individual states showing comparatively small deviations above and below this percentage. Over the course of the succeeding decade, bank loans declined 39 per cent as investments increased 37 per cent, and, by June 30, 1939, loans represented only 26 per cent of total assets. From this point to the middle

of 1946, loans expanded sufficiently to exceed by a small margin the volume outstanding on June 29, 1929, although the more rapid growth of other assets caused the percentage of total assets represented by loans to fall to 14 per cent. This expansion still left the volume of loans at member banks in Colorado, Kansas, Oklahoma, and Nebraska below the level of 1929.

Despite the war-swollen volume of liquid reserves possessed by businesses, farmers, and individuals in June, 1946, demands for investment and consumers' capital were heavy, and in the ensuing two years, commercial and industrial loans rose 80 per cent, nonguaranteed agricultural loans expanded 61 per cent, loans on residential real estate gained 85 per cent, and consumer and all other loans advanced 149 per cent. The major part of this expansion was financed by District banks through the liquidation of United States Government securities, since holdings of these issues diminished 625 million dollars.

The period from June, 1948, to June, 1953, has witnessed a slackening of the rate of increase in demand for most types of loans, although the growth has been substantial. In these five years, commercial and industrial loans expanded 47 per cent, loans to farmers other than guaranteed loans increased 61 per cent, loans on residential real estate grew 50 per cent, and consumer loans added 113 per cent to the rapid gains already registered in the earlier postwar years. These gains did not require the sacrifice of other earning assets, as investments also increased moderately in the period. Since consumer and real estate loans only recently have become relatively important elements in District bank portfolios, their growth will be given more detailed examination than other types.

Consumer Loans

Detailed data on consumer loans have been available in their present form only since 1947, but the reports prior to that date indicate that, until the end of 1943, consumer instalment loans to individuals were comparatively less important at District banks than in the country as a whole. Out of 55.8 million dollars of instalment and single-payment loans outstanding on December 31, 1943, only 17.3 million was instalment loans. This was divided about equally between the reserve city and country bank members. Between that date and June 30, 1947, advances to individuals trebled, with the larger part of the gain occurring in instalment loans. About one third of the instalment loans outstanding on the latter date were held by member banks in Oklahoma.

Throughout the period from June 30, 1947, to April 20, 1953, total consumer instalment loans outstanding at District member banks closely paralleled the growth at member banks in the United States. At the beginning of the period, District members accounted for 3.8 per cent of the total held by all member banks and, at the end of the period, they held 3.6 per cent of the total. Between these dates, consumer loans, including single-payment loans, increased as a percentage of total loans. At member banks in the Nation, they rose from 14 to 20 per cent; at District reserve cities, the rise was from 15.5 to 18.7 per cent; and at District country members, from 14 to 20.3 per cent. The percentage of gross loans represented by single-payment and consumer instalment loans on April 20, 1953, was the highest in the country in the Atlanta Federal Reserve District (29.2 per cent) and lowest in the New York Federal Reserve District (14 per cent).

Chart 1. RELATIVE GROWTH OF CONSUMER LOANS, INCLUDING SINGLE-PAYMENT LOANS, AT MEMBER BANKS
June 30, 1947–June 30, 1953

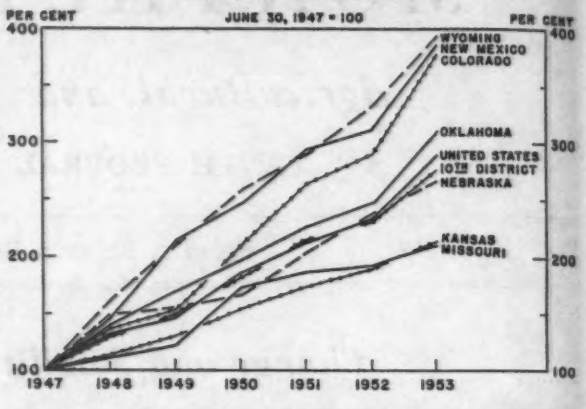


Chart 1 indicates that the growth in total consumer credit among Tenth District banks since June 30, 1947, has been most rapid in Wyoming, Colorado, New Mexico, and Oklahoma. The rate of growth in these states exceeded both the District and national rates. In all District states, the percentage of total loans represented by consumer loans was higher at the end of the period than at the beginning.

The data for individual institutions indicate that the degree of participation of banks in the extension of consumer instalment credit varies widely, but that an increasing number of banks have turned to it as a means of increasing their revenues. A few banks in the District largely confine their loans to this form of credit, apparently because their depositor customers do not generate any important demand for business credit. At the opposite end of the spectrum, there are a small number of banks which do not extend credit to consumers on this basis. The diminishing number of banks in this

category is indicated by the fact that, as of June 30, 1947, there were 65 member banks in the District which reported no consumer instalment loans outstanding. These were distributed geographically as follows: Nebraska, 27; Kansas, 14; Oklahoma, 11; Colorado, 8; Missouri (Tenth District portion only), 4; and Wyoming, 1. By June 30, 1953, the total had declined to 27, of which 15 were located in Nebraska and 5 in Kansas.

Table 1 was prepared from the call reports submitted by District member banks on June 30, 1953, to show the number of banks which still engage in instalment lending only on a limited scale. The dollar classes used were set at low values so as to show the dollar volume outstanding and still not have the results influenced unduly by the different numbers of small banks in the various states.

It is quite apparent that extension of this credit has not assumed major importance for a number of District member banks. Approximately 28 per cent of these banks hold less than $30,000 of such loans. Nebraska, with 46 per cent, and Kansas, with 33 per cent of the banks in this classification, were the states with the largest percentage of such member banks. A partial explanation of this fact may be that consumer instalment loans made to farmers are not included in this classification. Other reasons are that some banks do not choose to extend this form of credit, whereas others confine their loans to depositors with good credit, rather than lending on collateral to any borrower.

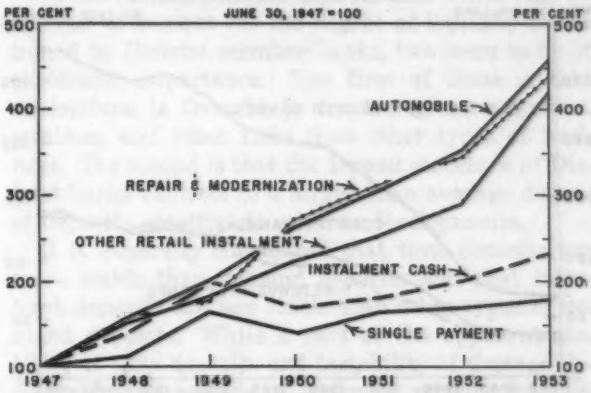
Table 1. NUMBER OF BANKS REPORTING VARIOUS AMOUNTS OF CONSUMER INSTALMENT LOANS OUTSTANDING ON JUNE 30, 1953

State	$0	$1 to $10,000	$10,001 to $30,000	Over $30,000	Per Cent of Banks Having Less Than $30,000
Colorado	1	4	8	81	13.8
Kansas	5	21	45	142	33.3
Missouri*	2	2	4	37	17.8
Nebraska	15	20	29	76	45.7
New Mexico*	0	0	0	10	0.0
Oklahoma*	3	14	30	164	22.3
Wyoming	1	2	3	34	15.0
Total	27	63	119	544	

*Tenth District portion only.

The data available from call reports classify consumer loans into the following categories: retail automobile instalment paper, including direct loans and paper purchased from dealers; other retail instalment paper, also including direct loans and purchased paper; repair and modernization loans; instalment cash loans; and single-payment loans. The last of these classes includes loans made to consumers, professional people, and unincorporated businesses for a variety of purposes. This category has shown the least percentage increase of any of the groups over the five-year period ended June 30, 1953. It is possible that this slower growth has been in part the result of the fact that, as instalment loans have become more familiar to banks, some loans that formerly would have been made as single-payment loans with the privilege of renewal are now set up on an amortized basis. Additionally, it may reflect the redirection of consumer demand to durable goods which provide collateral for intermediate-term loans.

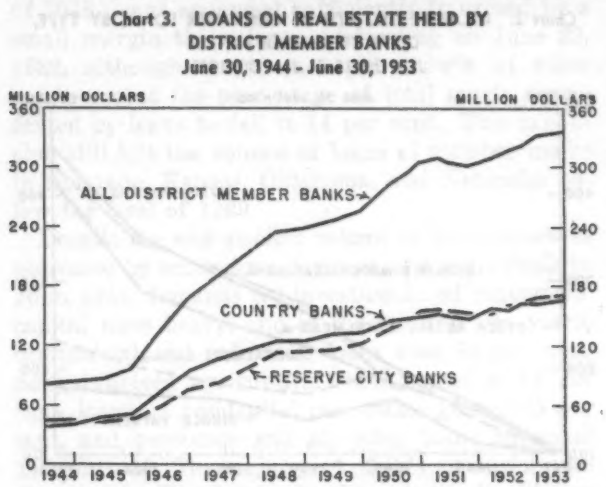
Chart 2. RELATIVE GROWTH OF CONSUMER LOANS BY TYPE, DISTRICT MEMBER BANKS
June 30, 1947 - June 30, 1953



At member banks both in the United States and the Tenth District, the greatest increase since June 30, 1947, whether figured in terms of dollars or percentages, has been in retail automobile instalment paper. On April 20, 1953, these loans were 28.7 per cent of all consumer loans at member banks in the United States and 31.2 per cent at District members. The growth since June 30, 1947, has been 432 per cent in the country and 330 per cent in the District. The percentage increase in loans for the repair and modernization of homes was almost as great as loans on automobiles at District member banks, but the dollar volume was much smaller. Instalment cash loans more than doubled in the country and the District in the period reviewed, but this form of consumer instalment credit has clearly proven less interesting to banks than the other forms which provide some form of collateral or reserve or which afford recourse to a business borrower, as the case may be.

Real Estate Loans The attitude of District member banks toward loans on real estate has shown a marked change in the past 25 years. In 1929, when these loans represented 12 per cent of the loans and 7 per cent of the assets of all member banks in the United States, District members held only 5.3 per cent of their loans and 2.6 per cent of their assets in this form. In the succeeding decade, when real estate loans declined 11 per cent

Chart 3. LOANS ON REAL ESTATE HELD BY DISTRICT MEMBER BANKS
June 30, 1944 - June 30, 1953



at all member banks, District members expanded their holdings 45 per cent. From 1939 to 1946, the volume outstanding almost doubled and from the latter date to 1950, they again doubled, after which the year-to-year rise was more moderate. By June 30, 1953, loans on real estate accounted for 15.6 per cent of all loans and 4.6 per cent of all assets of District member banks.

Despite this remarkable expansion, real estate loans in relation to total capital accounts still are well below the national average. On April 20, 1953, member banks in the United States held real estate loans equal to 113 per cent of their capital accounts, while among District members, real estate loans were 71 per cent of capital accounts. The percentage is well above the national figure in New Mexico and Wyoming and well below both the District and national averages in Kansas, Oklahoma, and Nebraska. The latest available data indicate that loans on real estate by District member banks are distributed by type of security as follows: 10.8 per cent were loans on farm land; 64.5 per cent were loans on residential property, including 23.4 per cent guaranteed by the Federal Housing Administration, 13.3 per cent guaranteed by the Veterans' Administration, and 27.8 per cent conventional; and 24.8 per cent were loans on other properties.

Table 2. APPROXIMATE AGE OF MORTGAGE LOANS HELD BY DISTRICT MEMBER BANKS
June 30, 1953

Approximate Age in Years	Amount	Per Cent
9 or more	$80,893	24.0
8 to 9	5,367	1.6
7 to 8	46,581	13.8
6 to 7	57,460	17.0
5 to 6	43,927	13.0
4 to 5	11,308	3.4
3 to 4	38,044	11.3
2 to 3	20,996	6.2
1 to 2	12,296	3.6
0 to 1	20,080	6.0

A rough indication of the age of these loans can be obtained by reference to the amount which the aggregate has increased in the years since the low point was reached. Thus, mortgages on hand June 30, 1944, would be at least nine years old if the same mortgages were still held. This may not be true, of course, since the turnover of property in the nine years may have led to new mortgages on the same properties, thus extending the term to maturity. On the other hand, mortgages having shorter maturities may have been purchased and some borrowers may have accelerated their payments. To whatever extent this has been true, the lengthening of the portfolio resulting from property turnover would have been offset.

Since, at a 4½ per cent interest rate, only 40 per cent of a 20-year mortgage is retired in 10 years, it is probable that the owner equity in many mortgages, particularly the guaranteed mortgages, is not large. In the absence of a secondary mortgage market, these loans will be a minor source of liquidity for the next several years, as monthly payments will produce a comparatively small reduction of the principal. Considering the amount of liquidity which District banks maintain in other forms, the advantages these mortgages have in maintaining bank income may outweigh the advantages that would accrue from holdings loans with a shorter average maturity.

Investments

The varied functions of investments in bank operations make difficult and incomplete any effort to evaluate trends in this segment of bank accounts. Large holdings of Government securities may signify a conservative attitude among banks or a lack of a sufficient local demand for loans to expand bank portfolios to the level that would otherwise be chosen. Concentration of investment in short-term securities may indicate only that new demands for loans or seasonal drains of deposits are imminent, or that the risks of such demands upon reserves are great, or perhaps that a rise in interest rates is anticipated.

In a number of ways, the ratios of District bank investments to other elements of their composite condition statement indicate a preference for liquid assets which clearly exceeds that of all member banks in the United States. One measure of bank liquidity is the relation of cash reserves and Government securities to total deposits. In this respect, District banks are seen to be more liquid than banks in the country, for District banks hold these assets in an amount equal to 67 per cent of deposits, while the corresponding measure for all member banks is

about 61 per cent. A further indication of the higher liquidity in the local region is that District banks hold 82 per cent of their Government portfolio in issues maturing in 5 years or less, whereas all member banks hold 67 per cent of their accounts in these issues. The only District states having a proportion of the longer-term securities that approximates the national average are Nebraska and Wyoming.

Recent trends in the investment policies of District and all member banks in the United States are illustrated by changes in their security holdings over the five-year period preceding June 30, 1953. In these years, District member banks added 225 million dollars of securities to their portfolios, consisting of 40 million dollars of Treasury issues and 185 million dollars of other investments. Virtually the entire amount of other investments was concentrated in the obligations of states and other political subdivisions. Estimates for all member banks as of June 24 indicate that, over the same period, total investments decreased 1.5 billion dollars. This change was accomplished through a reduction of 5.9 billion dollars in Treasury securities and purchases of 4.4 billion of other investments. As was the case with District banks, practically all of the additions to other investments were in tax-exempt securities. As of the call report of April 20, member banks in the United States held 100 per cent more of these investments than they held on June 30, 1948. These changes over the past five years have increased tax-exempt securities to 14.1 per cent of the total investments at District member banks and to 14.6 per cent at member banks in the United States. Thus, the comparatively large holdings of short-term Treasury securities maintained by District banks are not offset by smaller holdings of tax-exempt issues.

The choice made by banks between the safety accruing from large holdings of liquid assets and the sacrifice of safety for the gain in income usually available through investment in less liquid securities depends on a variety of conditions. Basic to the decision is the estimate of risks inherent in alternative courses of action in comparison with the net gains obtainable. Moreover, the public can affect the ability of the bank to choose between investments and loans by maintaining a volume of liquid assets that will reduce the necessity of applying for bank accommodation. It is not possible to evaluate the relative importance of banker decisions in determining the over-all liquidity of District member banks, but it is clearly his judgment which leads to a comparatively large investment in shorter-term maturities.

Of the various possible explanations which may be offered to account for the degree of liquidity maintained by District member banks, two seem to be of particular importance. The first of these is that agriculture is thought to involve greater cyclical, weather, and other risks than other types of business. The second is that the deposit structure of District banks consists to a larger than average degree of deposits sensitive to adverse developments.

It is generally considered that time deposits are more stable than demand deposits and that interbank deposits are less stable than other types of demand deposits. While a part of the apparent stability of time deposits and instability of demand deposits during periods of declining activity may reflect only the transfer of demand balances to time accounts, the traditions of banking have been established on the principle that a greater reserve balance should be maintained against demand than against time deposits.

It is characteristic of bank deposits at both reserve city and country member banks of the Tenth District that time deposits are a distinctly smaller percentage of total deposits than at member banks in the United States. At District reserve city banks, a higher percentage of total deposits consists of correspondent balances than prevails among most city banks in the United States. On the basis of these percentages, it is apparent that the deposit structure of District banks is an important determinant of the liquidity held.

Summary

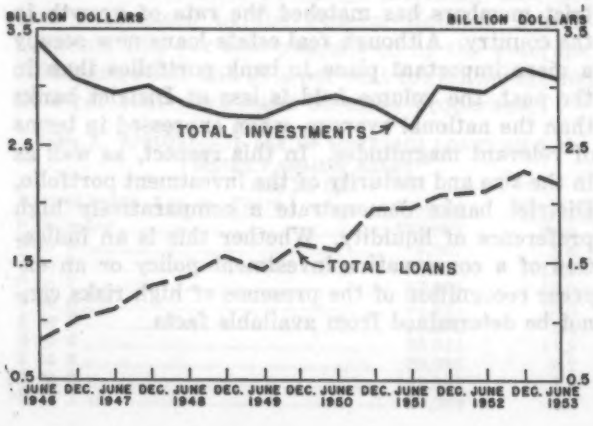
The foregoing outline of banking developments in the Tenth District has shown the present position of bank assets both in relation to previous landmarks and to the expansion of bank assets in the country. The expansion of consumer credit by District members has matched the rate of growth in the country. Although real estate loans now occupy a more important place in bank portfolios than in the past, the volume held is less at District banks than the national average, when expressed in terms of relevant magnitudes. In this respect, as well as in the size and maturity of the investment portfolio, District banks demonstrate a comparatively high preference of liquidity. Whether this is an indication of a conservative investment policy or an express recognition of the presence of high risks cannot be determined from available facts.

MEMBER BANK EARNINGS

MIDYEAR reports from District member banks reveal that gross earnings over the first six months of 1953 totaled 103 million dollars, exceeding earnings in the corresponding period last year by 14 per cent, and thus continuing the upward trend of recent years. However, an increase in bank operating expenses in the period from December 31, 1952, to June 30, 1953, absorbed about 45 per cent of the gain in earnings. In addition, taxes on net income rose more than 3 million dollars above the January-to-June level of last year. District member banks, nevertheless, were able to carry 22 million dollars to net profits, an increase of 3 million, or 17 per cent, over the first half of 1952, and more than 1 million dollars, or 5 per cent, above the record for any previous half year. These operating results showed more improvement than those at all member banks in the country, where net profits increased only 5 per cent over the first six months of last year.

The principal reasons for the growing volume of bank earnings in recent years are found in the record of expansion of earning assets, together with the gradual rise in interest rates. The accompanying charts depict these developments in the period from June 30, 1946, to June 30, 1953. Interest rates, as registered in short- and intermediate-term Treasury issues and in municipals, have increased substantially since 1946 and currently are at the highest levels since the early 1930's. Although the volume of loans and investments at District member banks declined from December 31, 1952, to June 30, 1953, the average level of earning assets during the first half of the year was considerably greater than that held in the first six months of any preceding year. Furthermore, there is little in the present situation to suggest that there will be any early recession in the total demand for credit.

TOTAL LOANS AND INVESTMENTS OF DISTRICT MEMBER BANKS

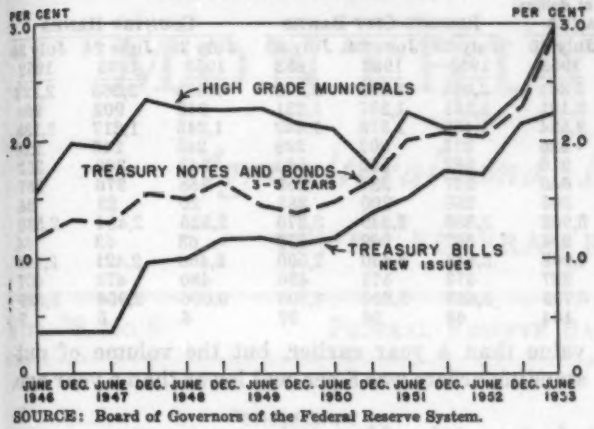


In addition to the increase in the general level of interest rates, there have been shifts in the composition of bank portfolios, as indicated in the preceding article in this issue of the Review, which have resulted in many District banks holding relatively larger proportions of earning assets in the higher yield categories. Consumer loans, for example, are a more prominent element in loan portfolios than they were even a year ago, and there is evidence of switching by some banks from short-term to longer-term, higher-yielding Government securities.

At District reserve city member banks, earnings on Government securities in the first half of 1953 increased 20 per cent and on other securities—chiefly state and municipal obligations—14 per cent. Meanwhile, income from loans at city banks increased 11 per cent. Among country member banks, earnings from Government securities rose even more sharply, achieving a 34 per cent gain over the corresponding six months last year, while loan income was 12 per cent higher. Despite the more impressive percentage gains in earnings from Government securities, loans continued to furnish the major part of bank income. This source was responsible for 56 per cent of total earnings at all District member banks—55 per cent at city banks and 57 per cent at country banks.

Salaries and wages, the largest expense category at District banks, were nearly 3 million dollars, or 11 per cent, higher than in the first six months of 1952. This element of cost was responsible for somewhat more than 50 per cent of total District country bank expense, while at city banks, the proportion was held to about 49 per cent of the total. Interest paid on time deposits at both reserve city and country banks during the first half of 1953 showed a substantially greater percentage increase over the first half of 1952 than did the average volume of these balances, thus reflecting the rise in interest rates paid on time deposits. At reserve city banks, interest on time deposits was 18 per cent above the first half of last year, and at country banks, it was 27 per cent higher. The total of other current operating expenses at District member banks was approximately 1.5 million dollars, or 8 per cent, greater

YIELDS ON SELECTED SECURITIES



SOURCE: Board of Governors of the Federal Reserve System.

in the first six months of 1953 than in the same period last year. Notwithstanding these extensive increases in current operating expenses, net current earnings of District banks totaled 46 million dollars, an increase of 18 per cent over the first half of 1952.

Profits and recoveries on securities during the first six months of 1953 fell more than 50 per cent from the same period last year, with most of the decline taking place at reserve city banks. At District country banks, the reduction was only 17 per cent. However, country banks experienced a 32 per cent rise in losses and charge-offs—mainly on loans—while there was a reduction of 36 per cent in this item among reserve city banks. Aggregate recoveries and profits on securities and loans, including transfers from valuation reserves, equaled only 36 per cent of losses and charge-offs in the first half of 1953, compared with 47 per cent in the like period last year. Corresponding figures for all member banks in the United States were 40 per cent up to June 30 this year and 63 per cent in the preceding year.

Taxes on net income of District member banks in the first half of this year increased 3.4 million dollars, or 19 per cent, over the first half of 1952. This increase was divided equally between reserve city and country banks. For District member banks as a whole, income and profits taxes absorbed 49 per cent of profits before taxes in the first six months of 1953, approximately the same proportion as last year. In spite of the larger dollar amount of these taxes, District member banks increased net profits after taxes 3 million dollars. Calculated on the basis of a monthly average of total capital investment, District member bank profits represented an annual rate of return on invested capital of 9.5 per cent, compared with 8.8 per cent last year. Comparable figures for return on investment at all member banks in the country were 8 per cent in both 1953 and 1952.

Dividends declared by District member banks in the first half of 1953 totaled 6.5 million dollars, approximately one quarter million more than in the January-to-June period of 1952. This amount represents less than 30 per cent of net profits, a reduction from the 33 per cent paid out in the first half of the previous year. Furthermore, it is distinctly more conservative than the 44 per cent paid out by all member banks in the country.

EARNINGS OF TENTH DISTRICT MEMBER BANKS
(In thousands of dollars)

	JANUARY-JUNE		CHANGE	
	1953*	1952	Amount	Per cent
Earnings	102,938	90,222	+12,716	+14.1
On U. S. Govt. securities	26,414	20,956	+5,458	+26.0
On other securities	5,236	4,697	+539	+11.5
On loans	57,451	51,460	+5,991	+11.6
All other	13,836	13,109	+727	+5.5
Expenses	56,659	51,057	+5,602	+11.0
Salaries and wages	29,002	26,076	+2,926	+11.2
Interest on deposits	6,524	5,322	+1,202	+22.6
All other	21,135	19,659	+1,476	+7.5
Net current earnings before income taxes	46,278	39,167	+7,111	+18.2
Recoveries, transfers from valuation reserves, and profits	1,707	2,310	−603	−26.1
Recoveries on securities**	238	512	−274	−53.5
Profits on securities	296	705	−409	−58.0
Recoveries on loans**	682	685	−3	−0.4
All other	491	408	+83	+20.3
Losses, charge-offs, and transfers to valuation reserves	4,771	4,900	−129	−2.6
On securities	1,265	1,534	−269	−17.5
On loans	2,659	2,358	+301	+12.8
All other	848	1,008	−160	−15.9
Profits before income taxes	43,214	36,557	+6,657	+18.2
Taxes on net income	21,161	17,724	+3,437	+19.4
Net profits	22,053	18,833	+3,220	+17.1
Cash dividends declared	6,503	6,274	+229	+3.6

753 banks in 1953; 752 in 1952.
*Preliminary figures.
**Includes transfers from reserve accounts.

MEMBER BANK CREDIT

Loans at Tenth District country member banks increased 41 million dollars during the five weeks ending July 29, following an expansion of 18 million dollars in the preceding four weeks. In both periods, the gain was concentrated heavily in Kansas and Oklahoma, and probably represented in large measure loans to farmers on the 1953 wheat crop. As anticipated, the rise this year was considerably less than last year when, with a record wheat crop in this area, more than 90 million dollars in credit was extended by country banks of the District during June and July.

In the five weeks ended July 29, District reserve city banks reported a drop of 6 million dollars in total loan volume. Business loans in the District do not appear to have begun their seasonal increase

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS
(In millions of dollars)

	All Member Banks			Reserve City Banks			Country Banks		
	July 29 1953	June 24 1953	July 30 1952	July 29 1953	June 24 1953	July 30 1952	July 29 1953	June 24 1953	July 30 1952
Loans and investments	5,458	5,248	5,301	3,025	2,883	2,978	2,433	2,365	2,323
Loans and discounts	2,194	2,159	2,191	1,251	1,257	1,231	943	902	960
U. S. Government obligations	2,707	2,536	2,584	1,462	1,319	1,449	1,245	1,217	1,135
Other securities	557	553	526	312	307	298	245	246	228
Reserve with F. R. Bank	909	910	916	567	550	564	342	360	352
Balances with banks in U. S.	635	707	646	267	331	259	368	376	387
Cash items in process of collection	288	321	305	268	300	281	20	21	24
Gross demand deposits	5,911	5,833	5,902	3,385	3,349	3,370	2,526	2,484	2,532
Deposits of banks	930	972	934	867	909	870	63	63	64
Other demand deposits	4,981	4,861	4,968	2,518	2,440	2,500	2,463	2,421	2,468
Time deposits	953	943	837	473	471	430	480	472	407
Total deposits	6,864	6,776	6,739	3,858	3,820	3,800	3,006	2,956	2,939
Borrowings	71	41	104	65	36	97	6	5	7

yet, in contrast to the corresponding period last year when a substantial gain was recorded. Food manufacturers, according to a sample of city banks in the District, made net repayments of bank credit in July, whereas they were net borrowers in July, 1952. Nonguaranteed loans to farmers at District reserve city banks declined about 5 million dollars, while consumer loans changed only slightly from the level on June 24.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in July fell 2 per cent below a year ago, and sales in the first two weeks of August continued at a level 3 per cent under last year. Sales declined much more than usual from June to July, and the seasonally adjusted index of daily average sales dropped from 118 per cent of the 1947-49 average in June to 111 per cent in July.

Department store inventories increased contraseasonally during July, and the seasonally adjusted index of stocks rose from 140 per cent of the 1947-49 average at the end of June to 146 per cent at the end of July to exceed the previous peak of 143 per cent in the late summer of 1951. Stocks of merchandise on hand at the end of July were 12 per cent larger in value than a year earlier, but the volume of outstanding orders was 8 per cent lower than a year ago.

DEPARTMENT STORE SALES AND STOCKS

Metropolitan Area, Except as Noted	Sales: July 1953 comp. to July 1952	Sales: 7 Mos. 1953 comp. to 7 Mos. 1952	Stocks: July 31, 1953 comp. to July 31, 1952
	Per cent increase or decrease		
Denver, Colo.	−3	+2	+16
Pueblo, Colo.	+9	+9	+16
Hutchinson, Kans. (city)	−2	+5	*
Topeka, Kans.	−3	+4	*
Wichita, Kans.	0	+5	+20
Joplin, Mo. (city)	+6	+4	+8
Kansas City, Mo. (city)	−1	+3	+5
St. Joseph, Mo.	0	+1	*
Omaha, Nebr.	+1	+4	*
Enid, Okla. (city)	−16	−2	*
Oklahoma City, Okla.	−8	0	+9
Tulsa, Okla.	−3	+5	+26
All other areas and cities	−3	+3	+12
District	−2	+3	+12

*Not shown separately but included in District total.

BANK DEBITS

	July 1953	7 Mos. 1953	Change from '52: July	Change from '52: 7 Mos.
	Thousand dollars		*Per cent*	
COLORADO				
Colo. Springs	57,566	379,642	+6	+1
Denver	784,360	5,347,047	+6	+6
Gr. Junction	20,787	143,227	+13	+15
Greeley	25,068	189,767	+1	−1
Pueblo	59,394	393,634	+17	+13
KANSAS				
Atchison	11,727	70,614	+11	−1
Dodge City	14,425	101,697	−30	*
Emporia	10,406	75,107	+6	−5
Great Bend**	12,603	—	—	—
Hutchinson	38,747	303,490	−32	−3
Independence	9,776	67,876	−2	+9
Kansas City	92,695	647,496	+6	+7
Lawrence	15,066	103,476	+7	+9
Manhattan	12,317	84,330	0	0
Parsons	12,548	76,667	+5	−2
Pittsburg	14,034	100,466	+9	+9
Salina	45,003	263,622	−16	−3
Topeka	115,762	786,732	+3	+7
Wichita	354,293	2,403,367	−8	+5
MISSOURI				
Independence	15,666	108,107	+3	+7
Joplin	32,334	230,139	−3	+2
Kansas City	1,497,813	9,600,969	+5	+7
St. Joseph	111,072	716,543	−2	−4
NEBRASKA				
Fremont	20,946	147,588	+4	+3
Grand Island	29,223	217,854	−4	0
Hastings	21,499	122,568	+23	+12
Lincoln	108,384	709,324	+9	+8
Omaha	672,317	4,398,453	−1	+2
NEW MEXICO				
Albuquerque	137,444	946,510	+18	+19
Santa Fe	36,781	246,490	+12	+7
OKLAHOMA				
Bartlesville	204,758	1,364,433	+5	+5
Enid	36,448	257,476	−27	−9
Guthrie	5,765	35,347	+8	−2
Lawton	20,512	140,202	−9	−7
Muskogee	28,505	198,917	+3	0
Norman	9,362	70,907	+6	+16
Oklahoma City	443,033	2,997,753	+2	+4
Okmulgee	7,812	55,294	0	+9
Ponca City	24,614	156,366	−3	+1
Tulsa	717,054	5,027,308	+10	+10
WYOMING				
Casper	46,105	321,476	+7	+4
Cheyenne	34,658	233,675	+5	+6
District, 41 cities	5,956,079	39,841,956	+3	+6
U. S., 345 cities	148,135,000	1,018,852,000	+8	+8

*Percentage change not computed; new reporting center beginning May, 1952.
**Not included in totals; new reporting center beginning July, 1953.